



PRESS RELEASE

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COVERED CALIFORNIA TAKES MAJOR STEP TOWARD LAUNCHING NEW HEALTH CARE OPTIONS FOR SMALL BUSINESS

Contract Awarded to Pinnacle Claims Management, Inc. to Administer Innovative, Affordable Marketplace

Sacramento, Calif. -- The Covered California Board has approved Irvine-based Pinnacle Claims Management, Inc. (PCMI) to administer its Small Business Health Options Program (SHOP). The program will offer approximately 375,000 California small businesses unprecedented access to a considerable array of affordable health coverage options for its employees. California is one of a few states nationally that will be able to offer small businesses an array of health insurance options for their employees come this fall.

This contract is supported by federal funds provided under the Affordable Care Act, and continued funding will be provided by Covered California administrative revenue starting in 2015.

"We are excited to partner with PCMI in this historic moment when we can help thousands of small businesses provide affordable health care for their employees," said Peter V. Lee, Executive Director for Covered California. "PCMI has demonstrated the requisite knowledge of California's small business community and has shown us they can move quickly and effectively in providing all the services we require to help Covered California get up and running this fall."

Small employers participating in the SHOP will be able to provide their employees with a broader choice of health plans that generally has only been available to large employers. Certain small businesses — those with 25 or fewer full-time equivalent employees paid an average annual wage of less than \$50,000 — may be eligible to receive a 50 percent small business health care tax credit for coverage purchased through the SHOP.

(more)

Through SHOP, employers will be able to pick the level of support for their employees, and in turn employees will be able to pick from those options the specific health plan that is right for them and their families. All plans will provide a standardized set of benefits and cost sharing to make it easy for employers and employees alike to make apples-to-apples comparisons.

PCMI and its affiliates have more than 15 years of experience providing employer-sponsored health benefit management services, with a current client base of some 800 small employer groups in California and Arizona.

The contract with PCMI will cost an estimated \$50 million over the three year term and includes the initial implementation of the program's administration functions and ongoing operating costs. PCMI will provide eligibility, enrollment, marketing and fulfillment services, as well as agent and general agent sales management, financial management and the small business call center services.

"PCMI is thrilled to work with Covered California on this endeavor and to be part of this historic change in health care. We are looking forward to helping Covered California provide the services that will support employers and their employees as they enroll in the health plans offered through Covered California," said David Zanze, President of PCMI.

Covered California will provide for health plan selection, certification and ongoing management of plan relationships, lead marketing efforts and provide policy guidance.

About Covered California

California was the first state to create a health benefit exchange following the passage of federal health care reform. Covered California is charged with creating a new insurance marketplace in which individuals and small businesses can get access to health insurance. With coverage starting in 2014, Covered California will help individuals compare and choose a health plan that works best for their health needs and budget. Financial help will be available from the federal government to help lower costs for people who qualify on a sliding scale. Small businesses will be able to purchase competitively priced health plans and offer their employees the ability to choose from an array of plans and may qualify for federal tax credits.

Covered California is an independent part of the state government whose only job is to make the new market work for California's consumers, and is overseen by a five-member board appointed by the Governor and Legislature.

For more information on Covered California, please visit www.CoveredCA.com.

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